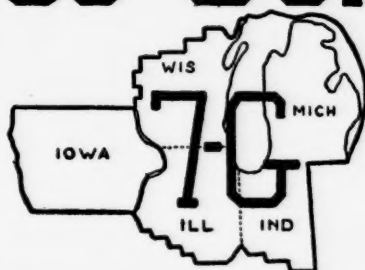


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 9, No. 5

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

May 1, 1926

## BUSINESS CONDITIONS IN THE UNITED STATES

**I**NDUSTRIAL output increased in March and the distribution of commodities continued in large volume owing to seasonal influences. The level of wholesale prices declined for the fourth consecutive month.

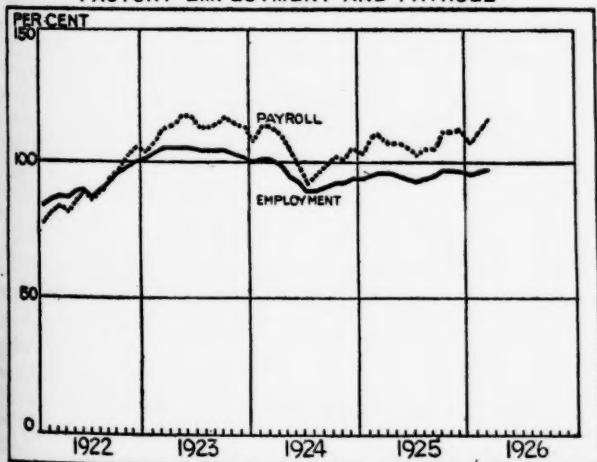
**PRODUCTION**—The Federal Reserve Board's index of production in basic industries increased in March to the highest level for more than a year. Larger output was shown for steel ingots, pig iron, anthracite, copper, lumber, and newsprint, and there were also increases in the activity of textile mills. The output of automobiles increased further and was larger than in any previous month, with the exception of last October. Building contracts awarded also increased in March, as is usual at this season, and the total was near the high figure of last summer. Particularly large increases in building activity as compared with a year ago occurred in the New York, Atlanta, and Dallas Federal Reserve districts. Contracts awarded continued larger during the first half of April than in the same period of last year. Condition of the winter wheat crop has improved since the turn of the year and on April 1 was estimated by the Department of Agriculture to be 84 per cent of normal, compared with 68.7 per cent last year and an average of 79.2 per cent for the same date in the past ten years.

**TRADE**—Wholesale trade showed a seasonal increase in

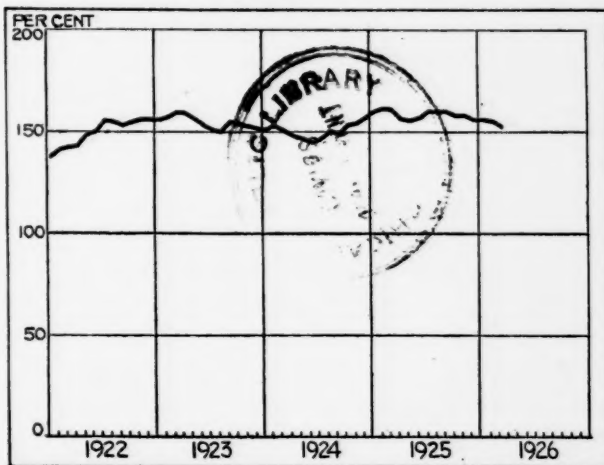
in all leading lines except dry goods and hardware. Sales March and the volume of sales was larger than a year ago of department stores and mail order houses increased less than is usual in March. Compared with March a year ago sales of department stores were 7 per cent and sales of mail order houses 9 per cent larger. Stocks of principal lines of merchandise carried by wholesale dealers, except groceries and shoes, were larger at the end of March than a month earlier, but for most lines they were smaller than a year ago. Stocks at department stores showed slightly more than the usual increase in March and were about 3 per cent larger than last year. Freight car loadings during March continued at higher levels than in the corresponding period of previous years. Shipments of miscellaneous commodities and merchandise in less-than-carload lots were especially large. Loadings of coal, owing to the large production of anthracite, were also large, while shipments of coke decreased considerably from the high levels of preceding months.

**PRICES**—Wholesale prices, according to the Bureau of Labor Statistics index, declined by more than 2 per cent in March to the lowest level since September, 1924. The decline was general for nearly all groups of commodities and the largest decreases were noted in grain, cotton, wool, silk,

### WHOLESALE PRICES



Federal Reserve Board's indexes of factory employment and payroll (1919=100). Latest figures, March, 1926: Employment, 97.2; Payroll, 113.



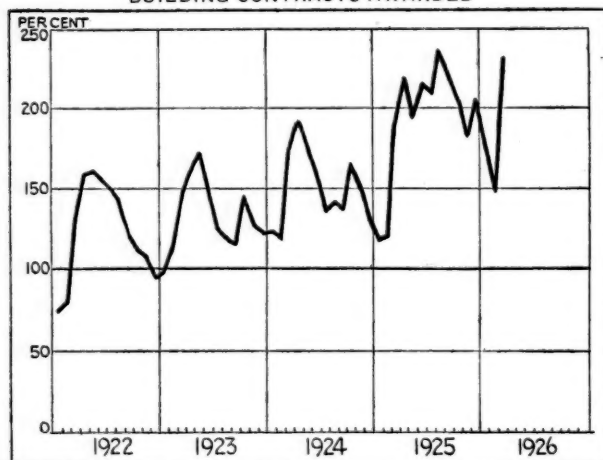
Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, March, 1926: 152.

Compiled April 27, 1926

coke, and rubber. In the first two weeks of April prices of basic commodities were steadier than in March. Prices of grains, flour, and potatoes increased, while prices of cotton goods, wool, silk, bituminous coal, pig iron, and rubber declined.

**BANK CREDIT**—Commercial loans of member banks in leading cities were relatively constant between the middle of March and the middle of April at a level about \$200,000,000 higher than at the end of January and approximately equal to the high point reached last autumn. Continued liquidation of loans to brokers and dealers was reflected in a further decline in the total of loans on securities, which on April 14 were more than \$500,000,000 below the high point reached at the end of last year.

At the reserve banks an increase in the volume of mem-



Index of value of building contracts awarded, as reported by the F. W. Dodge Corporation (1919=100). Latest figure, March, 1926: 231.

## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

AS the second quarter of 1926 opened, business conditions in the Middle West for the most part were reflecting seasonal developments customary to spring. The majority of activities covered by this survey broadened during March, some more or less restricted by the continued severity of weather, but others demonstrating decided expansion.

Outstanding in the latter group were the increase in automobile manufacture to a record exceeded only once before, the new monthly level reached in steel production, and the heavy gains in building contracts and permits. Actual construction work, however, was affected by the adverse weather, this in turn curtailing such allied industries as cement and brick manufacture; demand for lumber during the month came principally from automobile and railway car plants. The two just named likewise contributed most to a gain in factory employment; slackening in other industries, however, resulted in an aggregate number of wage earners at work little changed from February.

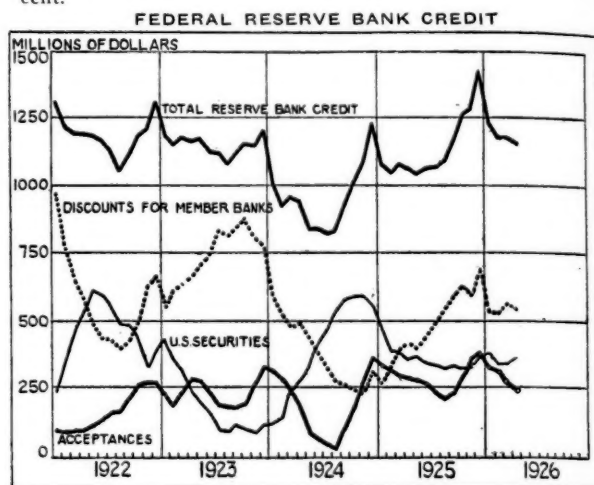
Trade particularly was influenced by the prolonged cold and by bad roads; yet few reporting firms, either wholesale or retail, failed to register increases over the preceding month. Weather conditions also delayed spring planting.

### CREDIT CONDITIONS AND MONEY RATES

A brief period of firmness around April 1, followed by a return to conditions of comparative ease, have been the chief developments in the Chicago money market during the

her bank borrowing during the last two weeks of March was followed by a marked decline in the first three weeks of April, which brought the total near the lowest levels of the year. Holdings of United States securities increased continuously during the month, while acceptances declined seasonally. Total bills and securities were in smaller volume at the end of the period than at any other time during the year and only slightly larger than a year ago.

Open market rates on commercial paper declined in April from  $4\frac{1}{4}$ - $4\frac{1}{2}$  per cent to  $4\frac{1}{4}$  per cent and rates on acceptances and on security loans were also lower in April than in March. On April 23 the discount rate at the Federal Reserve Bank of New York was reduced from 4 to  $3\frac{1}{2}$  per cent.



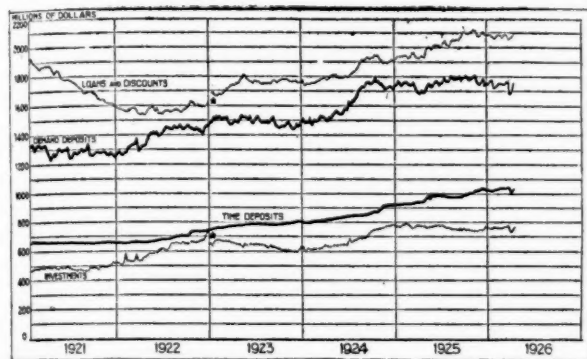
Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages for first 22 days in April, 1926: Total Reserve Bank Credit, 1,167 million; Discounts for Member Banks, 543 million; Acceptances, 246 million; U. S. Securities, 364 million.

past month. Funds in considerable volume at that time were withdrawn from the New York call market. A fair demand for credit accommodation continues in Chicago, but reports indicate a much lower level of borrowing on the part of country banks from correspondents this year than was the case in the spring of 1925, largely a reflection of the increasingly liquid condition of country banks. Current rates in Chicago are unchanged from a month ago, and are quoted as follows: Commercial paper,  $4\frac{1}{4}$  to  $4\frac{1}{2}$  per cent, customers' over-the-counter loans,  $4\frac{3}{4}$  to  $5\frac{1}{2}$  per cent, and collateral loans,  $4\frac{3}{4}$  to  $5\frac{1}{2}$  per cent. Other sections of the district have experienced no significant changes; demand is fairly active, some areas reporting rather extensive borrowing by farmers to meet interest and taxes, others for building, while a few report a rather marked slowing down in all lines as a result of bad weather and impassable roads.

Total bills and securities of the Federal Reserve Bank of Chicago on March 31 touched the highest point since January 6; the trend thus far in April has been downward, \$146,277,000 being reported April 21 as compared with \$186,870,000 on March 31. Loans to member banks have followed the same tendency, though both items are on higher levels than a year ago. Federal Reserve notes have increased in volume during recent weeks, and now stand somewhat above the figure of last year at this time; the \$172,577,000 reported April 21 compares with \$132,784,000 on April 22, 1925.

Reporting member bank figures have exhibited few significant changes during the past month. Loans and discounts on April 14 aggregated \$2,086,605,000, or four million under the figure on the corresponding reporting date in the preceding month, March 10; the April 14 figure, however, represents a rise of nearly twenty million over the preceding week. Investments on April 14, (\$764,782,000), were fractionally higher than on March 10, but as in the case of loans and discounts, showed a gain of about twenty million over April 7. Net demand deposits, totaling \$1,755,920,000 on April 14, fell short of the figure on March 10 by about thirteen million, but exceeded April 7 by approximately thirty-six million. Time deposits of reporting member banks on April 14 were slightly under the corresponding March figures, and as in the case of net demand deposits, moved upward about eleven million between April 7 and 14, standing on the last named date at \$1,032,869,000.

#### POSITION REPORTING MEMBER BANKS—7TH DISTRICT



\*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, April 14, 1926, in thousands of dollars: Loans and Discounts, 2,086,605; Demand Deposits, 1,755,920; Time Deposits, 1,032,869; and Investments, 764,782.

The seasonal increase in commercial paper sales during March amounted to 13.5 per cent over February for the ten dealers regularly reporting to this bank; individually all except two firms registered gains. Total sales, nevertheless, were still 7.2 per cent below the January volume. Reports on demand during the month varied from poor and spotty to very good, and on supply from rather light to good. Rates continued at  $4\frac{1}{2}$ - $4\frac{3}{4}$  for high, and  $4\frac{1}{4}$  for low. Paper outstanding by the end of March had been reduced 2.5 per cent. For twenty-six dealers located throughout the country, outstandings were \$668,000,000 as compared with \$654,943,000 at the close of February.

During the period from March 18 to April 14 purchases in the Chicago open bill market from acceptors were larger than in the preceding four weeks for three reporting dealers and smaller for two, the group averaging a decrease of 3.9 per cent; more pronounced drops in purchases from others, however, resulted in a decline of 7.4 per cent in the aggregate. Sales were only 57.5 per cent of the volume in the previous period, so that by April 14 holdings were 40.7 per cent heavier than on March 17. Transactions involved principally packing-house products, petroleum, cotton, grain, coffee, hides, and sugar. Supply was generally reported as small, while comments on demand varied from slow to good, with three months' and shorter maturities moving best. The offered rate of  $3\frac{1}{2}$  per cent on 90-day bills at the close of the period compares with  $3\frac{5}{8}$  the middle of March.

Of sixteen banks in this district reporting on accept-

ances during March, about half indicated a larger amount of bills accepted than in the preceding month; declines for the others, however, resulted in an aggregate decrease for the group of 6.9 per cent. Sales increased 9.5 per cent over February, and purchases gained more than 50 per cent. Nine banks showed an advance during March in their liability as acceptors for acceptances outstanding, and four reductions, averaging for the group a 2.8 per cent increase. The aggregate volume of acceptances held on March 31 was 60.8 per cent heavier than at the close of February, although holdings of the banks' own acceptances dropped 12.9 per cent. Acceptances reported since April have covered principally lard and meat exports, rubber, grain, petroleum products, coffee, sugar, and produce. The Federal Reserve Bank of Chicago bought \$19,115,106 in bankers' acceptances during March, as compared with \$22,220,158 in February; outstandings on March 31 were \$28,766,334 or \$4,054,083 below holdings at the close of February.

**Agricultural Financing**—An increased volume of loans outstanding in the five states including the Seventh district is shown by the aggregate of \$205,243,890 for nineteen Joint Stock Land banks on March 31, as compared with \$201,245,549 at the close of February. The corresponding figure a year ago was \$174,471,313. Four Federal Land banks, with loans outstanding in the same territory of \$168,449,081 on March 31, registered an increase of approximately three million over the total at the end of February. At the close of March, 1925, loans outstanding in the five states of the four Federal Land banks aggregated \$151,772,382. Loans and discounts (including rediscounts) on March 31 of four Federal Intermediate Credit banks amounted to \$1,575,478, compared with \$1,707,255 at the end of February, and \$956,255 on the corresponding date a year ago.

**Volume of Payment by Check**—Volume of payment by check during March exceeded the volume a year ago by 10.9 per cent, the aggregate this year being \$6,335,796,000 as against \$5,712,961,000 in March, 1925. The increase over February, 1926, was 20.2 per cent, slightly less than the 21.5 per cent gain shown in the corresponding comparison in 1925. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, reported an aggregate increase over February of this year. Thirty-three smaller cities gained 19.3 per cent over February, 1926, and 6.2 over March of last year.

**Savings**—Savings reports as of April 1 from 191 banks in this district showed an average gain over March 1 of 0.3 per cent in number of accounts and 0.1 per cent in amount of deposits. Individually 97 banks registered increases in the former item and 108 in the latter. By states Indiana and Michigan reached new records in amount and the total for Wisconsin was the largest since the close of 1925; Illinois and Iowa indicated declines from the preceding month.

As compared with April 1, 1925, the increase of 3.1 per cent in amount of deposits reflects gains for all except Illinois; in number of accounts increases by the five states amounted to 3.3 per cent for the district.

**Bonds**—A feature of the Chicago bond market recently has been the distinction between high and low grade securities as an outgrowth of the stock market depression. The liquidation of stocks, while curtailing in certain instances bond market operations, on the whole contributed to their activity by releasing funds, and in addition tended to develop a conservative policy among investors. As a result, demand was constant for high grade public utilities and rails. The second grade and semi-speculative issues suffered consid-



erable selling pressure with prices sagging under the influence of the stock market. Among the better classes of bonds, however, price declines were slight, and in most cases were followed by recovery to the previous levels or even to new highs. With comparatively few issues of large

size being brought out during the period, opportunity has been afforded for cleaning up old securities from dealers' lists and for numerous small local issues. A growing demand for sound first-mortgage real estate bonds has been noted.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

A reliable crop statistician has estimated that the April 1 condition pointed to a 71,750,000 bushel winter wheat crop in 1926 for the five states including the Seventh district, compared with 82,071,000 bushels harvested in 1925. Commercial estimates based on the government condition report for April, have placed the United States crop at between 547,000,000 and 590,000,000 bushels for the current year, compared with a harvest of 398,486,000 bushels a year ago, indicating a crop at least 150,000,000 bushels greater than last year. The United States Bureau of Agricultural Economics showed the condition of winter rye in Iowa about on a par with a year ago, that it had declined in Illinois, Indiana, and Michigan, and had increased in Wisconsin. A greater number of beef cattle were on corn feed in Indiana, Illinois, and Wisconsin than on April 1, 1925, while operations have remained about constant with a year ago in Iowa, according to information furnished by the Iowa office of the Bureau of Agricultural Economics, and have declined 5 per cent in Michigan. Spring planting in the Seventh district has been delayed somewhat due to excessive moisture in the fields.

**Grain Marketing**—The total quantity of corn and wheat arriving at interior primary markets in the United States during March was seasonally smaller than during the previous period; the receipts of oats increased. Shipments of wheat and oats from the above-mentioned centers showed the customary gain in tonnage over February but the forwardings of corn declined. Both receipts and reshipments were under the 1921-25 average for March. Visible supplies of oats, wheat, and rye at principal points of accumulation in the United States were smaller in volume on April 10 than at the beginning of March or a year ago; stocks of corn and barley, however, exceeded those for the corresponding week in 1925. Prices weakened in March but tended to firm somewhat toward the middle of April. During March, the members of the Chicago Board of Trade entered into contracts for a larger amount of grain than represented by similar agreements placed in the preceding month. Exportations of bread grains and barley from the United States were heavier than in February, while those for corn and oats experienced a recession.

**Flour**—The movement of flour through Chicago increased in March over the preceding month but was less in volume than for the corresponding month last year, according to figures on receipts and shipments furnished by the Chicago Board of Trade. Although sales by fifteen mills in this district were substantially larger than in February, buyers continue to take flour for current requirements only.

### CHANGES IN MARCH, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEBRUARY	MARCH	FEBRUARY	MARCH
	1926	1925	1926	1925
Production (bbls.).....	+ 1.6	- 1.6	34	34
Stocks of flour at end of month (bbls.).....	+10.6	+14.1	30	30
Stocks of wheat at end of month (bu.).....	+ 3.4	-13.4	30	30
Sales (volume).....	+17.0	-12.6	16	13
Sales (value).....	+16.0	-13.4	16	13

Production includes wheat and other flours. Balance of items refer to wheat flour only.

**Movement of Live Stock**—An unusually heavy spring marketing of cows no longer suitable for dairy purposes

from certain milk-producing sections in the Seventh district, the continuation of the seasonal movement for short-fed steers from the corn belt, and the arrival of a few grassers from southwestern ranges contributed to greater receipts of cattle at public stock yards in the United States during March than in either the preceding month or the corresponding period last year. The arrivals of lambs showed the customary increase in volume over February, due to seasonal marketing of fat stock from the principal feeding areas and to the beginning of the movement of springers from early producing states. Hog receipts for March were about on a level with a year ago and showed a slight gain over the previous month. Demand continued to center on corn-fed cattle, bacon hogs, and light-weight lambs. Marketings tended to decline during the early part of April.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, March, 1926 .....	274,712	730,375	343,598	153,286
Public Stock Yards in U. S. March, 1926 .....	781,484	2,143,592	1,001,347	439,315
February, 1926 .....	657,864	2,034,948	862,752	355,065
March, 1925 .....	728,661	2,284,998	835,782	450,376
March, 1924 .....	632,886	2,975,596	719,010	358,083

Reshipments of cattle to feed lots increased over February while those of lambs declined; both were under the March, 1925, level.

### AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	APRIL 10, 1926	MARCH, 1926	FEBRUARY, 1926	MARCH, 1925
Native Beef Steers (average).....	\$ 9.45	\$ 9.60	\$ 9.65	\$10.25
Fat Cows and Heifers.....	6.70	7.20	6.60	6.65
Hogs (bulk of sales).....	12.05	12.05	12.35	13.55
Yearling Sheep.....	10.00	9.90	11.65	13.50
Lambs (average).....	12.80	13.15	13.50	16.20

**Meat Packing**—Slaughtering establishments in the United States produced a greater quantity of meat and fat during March than in the preceding month, but employment figures for the last payroll in the period show a decline of 3.3 per cent in number and 0.6 per cent in hours worked and an increase of 0.3 in total value from those for the corresponding dates in February. The effect of Lenten observances on the consumption volume of all meat was reflected in the rather draggy markets for beef, lamb, and dry salt pork during the greater part of March. Demand for packing-house products tended to improve somewhat toward the close of the month, however, because of preparations for Easter trade. The total value of sales billed to domestic and foreign customers by fifty-five meat packing companies in the United States showed a recession of 1.3 per cent from February and was 1.7 per cent larger than for the corresponding period last year. A diminution in inventories of beef, lamb, and miscellaneous meats on April 1 compared with March 1 was slightly more than offset by increased holdings of pork and lard, although the total stock of edible products continued under a year ago and the five-year average for April 1. Chicago quotations for ordinary and under quality steers, good heifers, choice veal, and the majority of smoked meats held firm; those for cows, smoked bacon, and fresh and sweet pickled pork advanced; prices of fresh bellies and good to prime steer beef eased; while

quotations for lard, beef ribs and loins, dry salt meats, light-weight mutton fores, and lambs declined in March compared with February. Prices of lard and fat backs eased early in April but other meat commodities held firm.

As a result of unchanged conditions in foreign trade, American packers forwarded approximately the same quantity of meats and fats in March for export as in February. European prices of a majority of packing-house products were under parity with those in the United States. Reports from companies engaged in export business indicate slightly heavier consignment inventories abroad on April 1 than a month ago.

**Dairy Products**—Production of butter in the Seventh district increased 18.7 per cent over February and 20.2 per cent over March a year ago, according to a compilation made from the reports of sixty-two representative creameries. Statistics released by the American Association of Creamery Butter Manufacturers point to a similar trend for the United States. Total sales of creamery butter billed to customers by sixty-four companies in the district were 9.1 per cent above February and 9.1 per cent greater than the volume for the corresponding period last year. Arrivals

at principal Wisconsin centers indicate that factories in that state manufactured a larger amount of cheese than in March, 1925, or February of the current year, while the distribution of the commodity from those markets for the four weeks ended March 27 aggregated approximately the same as in the preceding period and changed little from a year ago. Receipts at Chicago showed a gain over February in the volume of cheese as well as the customary expansion in butter and egg tonnages. Arrivals of butter increased in March but those of other dairy products declined in comparison with the corresponding month of 1925. Smaller quantities of butter and cheese were inventoried in the United States on April 1 than at the beginning of March; holdings of each of the commodities, however, exceeded those of a year ago or the five-year average for April. Egg stocks were reduced from April 1, 1925, and from the 1921-25 average for that date, but showed the customary expansion over March 1. Egg prices at Chicago strengthened during March, though averaging under the preceding month; quotations of butter and cheese continued to trend downward. Prices of all dairy products weakened somewhat toward the middle of April.

## COAL

March production of bituminous coal in Illinois showed an increase over the preceding month, although a decline usually takes place in the February-March comparison; the 6,065,240 tons mined during the month in this state represented a gain of 8.1 per cent over February, was 43.9 per cent above March, 1925, and 20.9 per cent larger than in the same month of 1924. The unseasonable weather the last week of March and early part of April created consid-

erable activity in the retail market for domestic sizes of coal, but demand was quiet through most of March. The first of April, reductions were announced in the prices of domestic soft coals; the level for southern and central Illinois coals is now about fifteen cents under a year ago. Prices of screenings have increased somewhat since the first of April. Reports vary as to the amount of contracting being done this year in industrial coals.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Reports on the volume of industrial employment of the Seventh district indicate that the gains made during February have been well maintained, but that there has been little further expansion. For a total of approximately 390,000 wage earners there was an increase of 0.5 per cent in number and a decrease of 0.3 per cent in payrolls during the period February 15 to March 15. The largest of the industries represented, metals and metal products, showed a gain of 1.2 per cent in the number of men employed but no corresponding change in payrolls. The most definite expansion was in the "vehicles" group, where employment gained 3.3 and payrolls 4.1 per cent. The group comprising stone, clay, and glass products also made a slight advance, but this was considerably below the usual seasonal improvement.

Of the losses experienced during the month, the most notable was in the manufacture of rubber products. Food

products also, as well as the manufacture of leather and leather goods, showed considerable further curtailment.

Reports from the Employers' Association of Detroit reflect a slackening in industrial activity in that city, the March-April figures showing a loss of 1.9 per cent in the volume of employment. The level of employment is still approximately 18 per cent higher than a year ago, as the expansion that started early in 1925 continued until November. Reports on outdoor and general construction work gave little indication of the expected seasonal improvement. At the Illinois State employment offices, however, the ratio of the number of applicants to positions available showed a decline, registering 143 per cent at the close of March as compared with 170 the month before. This improvement is ascribed to the heavy call for labor to keep traffic clear after the severe snow storm of the month. The records for the Indiana offices showed a ratio of 123 per cent, practically the same as a month earlier.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	MARCH 15, 1926	WEEK ENDED FEBRUARY 15, 1926	PER CENT CHANGE	MARCH 15, 1926	WEEK ENDED FEBRUARY 15, 1926	PER CENT CHANGE
All groups (10).....	389,606	387,858	+0.5	\$10,299,222	\$10,326,279	-0.3
Metals and metal products (other than vehicles).....	158,819	156,930	+1.2	3,990,890	3,992,866	-0.0
Vehicles.....	41,474	40,154	+3.3	1,317,980	1,265,889	+4.1
Textiles and textile products.....	29,536	29,641	-0.4	715,514	713,797	+0.2
Food and related products.....	48,521	49,831	-2.6	1,309,827	1,342,085	-2.4
Stone, clay, and glass products.....	12,974	12,746	+1.8	370,520	369,536	+0.3
Lumber and its products.....	36,941	36,657	+0.8	892,771	905,127	-1.4
Chemical products.....	11,476	11,550	-0.6	316,293	316,281	+0.0
Leather products.....	17,506	17,721	-1.2	388,600	407,358	-4.6
Rubber products.....	3,003	3,182	-5.6	74,681	82,859	-9.9
Paper and printing.....	29,356	29,446	-0.3	922,146	930,481	-0.9

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—With the exception of October, 1925, automobile production during March was the highest of any month in history. Output of passenger cars by identical manufacturers in the United States aggregated 379,846, gaining 19.2 per cent over February, 19.1 over March, 1925, and 11.4 per cent over the corresponding month in 1924; the amount is less than 13,000 cars under the record October production. Cars manufactured by American firms at Canadian plants totaled 18,273, an increase over the preceding month and a year ago. March output of trucks has been exceeded twice before, in September and in April of last year; the total of 43,551 for firms producing 36,554 trucks in February represented a gain of 19.1 per cent over the prior month and of 3.9 per cent over March last year.

Retail sales of automobiles during March by sixty-three dealers in this district showed a large seasonal gain over the preceding month and also a substantial increase over March last year. Wholesale distribution of cars continued heavy, the gain in the month-to-month comparison, however, being much smaller than in February. For the fourth successive month the number of new cars on hand at the end of the month increased; distributors' stocks gained 38.8 per cent compared with February 28, while cars held by dealers were only 4.5 per cent larger, effecting an aggregate gain of 22.7 per cent for all firms; in comparison with March 31 last year, distributors' stocks were 61.7 per cent heavier, with cars held by retailers 91.1 per cent above 1925 inventories. However, March, 1926, inventories of fifty-nine dealers and distributors aggregated 17.5 per cent less in number and 14.7 per cent less in value than in March two years ago. As was the case in February, the number of used cars sold showed a decided increase but the amount still on hand was greater than at the end of the prior month. Thirty-eight firms reporting deferred payment sales indicated that the value of cars sold at retail on this basis during March was 47.6 per cent of their total retail sales, compared with 44.6 in February and 48.5 in March, 1925.

### MIDWEST DISTRIBUTION OF AUTOMOBILES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEBRUARY 1926	MARCH 1925	FEBRUARY 1926	MARCH 1925
Changes in March, 1926, from previous months				
New cars				
Wholesale—				
Number sold.....	+15.2	+61.0	40	39
Value .....	+12.8	+47.4	40	39
Retail—				
Number sold.....	+63.4	+15.8	63	62
Value .....	+58.9	+11.2	63	62
On hand March 31—				
Number .....	+22.7	+72.2	65	64
Value .....	+22.7	+55.0	65	64
Used cars				
Number sold.....	+38.7	+ 5.1	62	61
Salable on hand—				
Number .....	+ 4.1	+19.5	64	63
Value .....	+ 6.0	+ 9.0	64	63

**Iron and Steel Products**—Both bookings and shipments of steel during March by Chicago mills were heavier than those for February, demand coming chiefly from the railroads, building, and implement industries. Order books insure satisfactory operations in this district for the balance of the second quarter. Unfilled orders of the United States Steel Corporation on March 31 aggregated 4,379,835 tons, a decline of 5.1 per cent from February 28 and of 9.9 per cent from the corresponding date last year. The rate of steel production was maintained practically at theoretical capacity through March; steel ingot output for the United States of 4,491,689 tons represented the highest amount ever reached in any month, while the daily average production also was the largest on record. Pig iron output was heavier than in February, although below the corresponding

month last year, with the Illinois and Indiana district following the same trend as the country in general.

Because of reductions in the price of pig iron, the composite average price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, dropped from \$38.89 on March 17 to \$38.47 on April 21; this compares with \$39.05 on April 22 last year. Iron and steel scrap prices at Chicago remained fairly steady during March and were at a somewhat higher level than in February, but have softened again in some items since the first of April.

Gains were reported in tonnage and value of shipments made during March by twenty-eight iron and steel casting foundries in this district; the increases over February were 30.9 and 23.4 per cent, respectively, and over March last year 3.8 and 4.1 per cent. March is the first month since October, 1923, for which the index number exceeded 100, standing at 101.4 per cent of the 1919 monthly average shipments. Production was also larger than in the preceding month or a year ago. Shipments by fifteen stove and furnace manufacturers reporting to this bank increased in March over February and were heavier than in the same month of 1925. Orders booked showed gains over the prior month and March last year.

**Agricultural Machinery and Equipment**—Sales of farm equipment billed to domestic and foreign customers during March gained 14.1 per cent over February in the heavy group, 6.7 per cent for all other machinery (exclusive of pumps and barn supplies), 9.1 per cent for agricultural pumps, and 28.3 per cent for barn equipment. Both domestic and total business have continued to show seasonal expansion since November, but the sales to foreign customers have receded from the unusually high level of December. Total sales for the calendar year 1925 were 30.1 per cent greater than in 1924, according to a compilation made from the reports of 114 companies in the United States.

### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEBRUARY 1926	MARCH 1925	FEBRUARY 1926	MARCH 1925
Changes in March, 1926, from previous months				
Domestic sales billed.....	+13.5	+17.7	94	94
Sales billed for export.....	- 8.0	+ 1.5	52	52
Total sales billed.....	+10.3	+15.4	94	94
Production .....	+ 0.5	+22.0	91	91

Sales based on dollar amounts. Production computed from employment.

**Shoe Manufacturing, Tanning, and Hides**—Activities of the shoe manufacturing industry during March in the Seventh district continued under a year ago, although shipments exceeded current production by 7.5 per cent and both items showed the usual seasonal increase over February. Stocks reported for April 1 by twenty-nine factories were equivalent to 76.1 per cent of the total number of shoes forwarded to the trade by these concerns during March. Orders on the books of twenty-three companies provided for approximately five and one-half weeks' future operations at the current rate.

### CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN MARCH, 1926, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEBRUARY 1926	MARCH 1925	FEBRUARY 1926	MARCH 1925
Production .....	+ 9.9	-10.0	30	30
Shipments .....	+14.4	- 6.1	30	30
Inventories .....	- 5.9	- 6.4	29	28
Unfilled orders.....	- 6.1	+12.3	22	22

Although a few tanneries increased their production, the majority operated at a lower rate than in February. The total value of leather billed to customers by representative manufacturers in the Seventh district was less for March than for the previous month; demand for harness also declined. Shipments of belting remained about on a



level with March, 1925. Prices of staple leathers lowered slightly during March, but those for fancy colors and grains were somewhat firmer than in February.

The Chicago volume of trading for packer green hides declined slightly in March from the preceding month, while that for calf skins increased. Statistics issued by the Chicago Board of Trade show the tonnage of hides and skins received and forwarded at Chicago greater in the aggregate than in February. Prices eased slightly.

**Furniture**—The volume of new business received by twenty-one furniture manufacturers in this district was larger during March than in the preceding month, March last year, or the corresponding month in 1924, the gains in orders booked averaging 5.3, 8.7, and 0.5 per cent, respectively. Shipments by these firms were 7.6 per cent heavier than in February but declined 0.5 per cent from March, 1925, and were 3.7 per cent below the same month of 1924. Forwardings aggregated slightly more than orders booked during March, and with the volume of cancellations, caused a lowering of 7.1 per cent in the amount of unfilled orders on March 31; business still on hand shows a decrease of

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

The demand for building materials showed considerable seasonal improvement during March, but the rush of orders that had been anticipated for the month failed to materialize, as construction work generally was held up by adverse weather conditions. In the lumber industry, demand came chiefly from industrial consumers, and orders for the most part were for immediate shipment with no tendency to stock for future requirements. The automobile and railway car manufacturers were the most active buyers. Towards the close of the month and in early April, retail yards throughout the district entered more generally into the market for their spring requirements, and inquiries were numerous for building items, especially for flooring. Prices which had sagged during the period of slow demand again showed a firming tendency.

As reported to this bank by twenty-two mills and wholesale concerns, sales for the month exceeded February by 16.4 per cent and were 11.7 per cent above those of a year ago. Retail sales at 224 yards showed an increase of 48.2 per cent over February but fell short of the March level a year ago by 3.1 per cent. Outstanding accounts of the reporting wholesalers showed increases, both in the monthly and yearly comparison, but the ratio to sales was lower, 130 per cent as against 146 in February and 134 in March, 1925. At retail, outstandings were 313 per cent of sales, slightly higher than a year ago but considerably below the month before when the ratio stood at 434 per cent.

The renewed activity in the movement of lumber was evident in the receipts and shipments at Chicago, which

## MERCHANDISING CONDITIONS

**Wholesale Trade**—First-quarter sales for two-thirds of the wholesalers reporting to this bank were below the corresponding three months of 1925. By commodity groups, drug firms averaged the one increase—2.9 per cent—with decreases for the others amounting to 2.0 per cent for shoe dealers, 6.0 per cent for groceries, and over 8 per cent for dry goods and hardware. In groceries and dry goods these declines are due principally to unfavorable comparisons with last year during January and February, as the March differences are slight.

With three exceptions sales were heavier than during February, reflecting the longer month and the usual seasonal expansion. The increase over February in collections likewise is customary for the season, fifty-six out of sixty-

14.5 per cent from that held on the corresponding date in 1925. March production schedules remained about the same as in February, operations averaging 85.4 per cent of capacity in March, compared with 85.8 in the preceding month and 89.3 per cent in March a year ago.

**Raw Wool and Finished Woolens**—Domestic wool markets were slow and weak during March, with a further declining tendency in prices. A few reports indicate that demand was as good as or better than in February, but for the most part business was very dull. There has been some improvement in inquiry since the first of April. The continued decline in prices is due principally to poor manufacturing conditions and to the proximity of the new clip. Price levels are now more than 10 per cent below January 1 and more than 20 per cent lower than a year ago. Contracting for the new clip has progressed on a basis 20 to 25 per cent below prices prevailing last year. Foreign markets have been fairly active and firm. There has been little activity in the woolen manufacturing industry, the majority of mills running on part-time schedules and with only a small volume of advance orders for the fall season.

gained 24 and 14 per cent, respectively, leaving a net volume 35 per cent larger than for February. Gains are also shown in the yearly comparison, receipts increasing 12 per cent and shipments 3 per cent.

Reports from the brick industry indicate that the inclement weather conditions of the month slackened operations materially, and that activities were behind those of a year ago. A similar condition prevailed in the cement industry where stocks are greater than at the corresponding date of any previous year on record and productive capacity exceeds current requirements.

**Building Construction**—A heavy increase was recorded in building contracts awarded during March, the total reported for the Seventh Federal Reserve district amounting to \$91,358,868, slightly more than for the same month a year ago and 69.7 per cent in excess of February. This was almost as large a seasonal gain as was recorded last year, and the awards for the first three months of the year are 8.4 per cent in excess of 1925. In permits, the seasonal increase for the month as shown for fifty cities of the district was even more pronounced than a year ago and brought the total estimated cost for the first quarter of 1926 within 2 per cent of the volume attained in 1925. The number of permits issued during this period, however, was 17 per cent less, indicating the erection of a larger type of structures. March permits exceeded February by 58 per cent in number and 60 per cent in valuation. In comparison with March a year ago, the number issued was 21 per cent smaller but the estimated cost 8 per cent higher.

five firms making gains. For three-fourths of the stores accounts on the books March 31 were larger than at the close of February, group increases ranging from about 5 per cent for groceries and dry goods to 23.7 per cent for shoes.

The majority of hardware, dry goods, and drug firms made net additions to their stocks during the month; three shoe dealers and most of the grocers reported reductions; group changes ranged from a 4.2 per cent decrease for shoes to a 2.5 per cent increase for hardware. Over half the firms were carrying lower inventories on March 31 than a year ago, with all groups except drugs averaging declines.

**Department Store Trade**—The upward trend in depart-

ment store sales customary during March was accentuated this year, despite the unseasonable weather, by the extra trading day and by the early Easter. With four exceptions the group of eighty-six firms reporting to this bank registered increases over February, averaging 23.8 per cent. Nearly half the number exceeded likewise their March, 1925, business, the 13.5 per cent gain for the district being the most pronounced year-to-year change since October, and raising the average increase for the first quarter of 1926 to 10.2 per cent.

Inventory figures for March 31 indicate the usual seasonal stocking-up during the month; the group gain of 5.7 per cent reflects individual advances at all but seven stores. Comparisons with a year ago continue to vary for the separate firms; stocks for half were heavier and for the others lower, and averaged for forty-nine a 2.6 per cent increase. Fifty firms sold 30.7 per cent of the goods held during the month, as compared with 27.8 per cent in 1925; corresponding percentages for the first three months of each year are 84.4 and 79.4 per cent, respectively. Aggregate outstanding orders as reported by thirty-two stores declined from 8.2 per cent of 1925 total purchases on February 28 to 7.0 per cent at the close of March.

The increase in accounts outstanding shown by three-fourths of the firms is seasonal. For sixty-four stores the

ratio of March collections to accounts on the books at the end of February amounted to 41.7 per cent, or the same as last year.

**Retail Shoe Trade**—With three exceptions reports from retail shoe dealers in this district reflected seasonal expansion in sales during March. For the group of forty-five firms, the increase over February in dollar amounts averaged 40.5 per cent. Twenty-seven stores made net additions to their inventories during the month and nine indicated reductions, the thirty-six averaging an increase of 11.9 per cent. Accounts receivable on the books of twenty-one firms on March 31 totaled 14.6 per cent in excess of outstanding at the close of February; their ratio to sales averaged 73.3 per cent, as compared with 79.0 per cent the month before. Collections were lower for nine out of eighteen firms.

**Chain Store Trade**—Seven chain store systems reporting March sales to this bank all indicated seasonal increases over February, for three firms less than the corresponding month-to-month changes in 1925, for three others slightly more pronounced, while the gain for the seventh compares with a decrease last year. With two exceptions net sales exceeded the March, 1925, volume of business; on an average-sales-per-store basis, however, only four registered increases. Aggregate first-quarter sales are ahead of last year for five chains and below for two.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	March 1926	Feb. 1926	March 1925	Feb. 1925
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars) <sup>1</sup>	62	107.5	108.7	106.6	100.4
<b>Casting Foundries—</b>					
Shipments (in dollars)	27	101.4	82.2	97.4	86.8
<b>Stoves and Furnaces—</b>					
Shipments (in dollars)	15	73.1	64.1	71.1	63.4
<b>Agricultural Machinery &amp; Equipment—(U. S.)<sup>1</sup>—</b>					
Domestic Sales (in dollars)	113	162.0	138.8	144.5	112.4
Exports (in dollars)	72	117.8	131.6	112.8	95.3
Total Sales (in dollars)	113	151.0	137.6	138.4	109.1
Production	109	131.9	131.4	103.8	100.9
<b>Agricultural Pumps—(U. S.)<sup>1</sup>—</b>					
Shipments (in dollars)	19	107.3	96.5	106.8	101.2
<b>Furniture<sup>2</sup>—</b>					
Orders (in dollars)	20	143.9	136.4	132.1	155.0
Shipments (in dollars)	20	160.8	149.2	161.0	139.8
<b>Shoes<sup>3</sup>—</b>					
Production (in pairs)	34	102.2	93.5	111.9	101.2
Shipments (in pairs)	34	110.9	97.9	116.9	105.9
<b>Electric Energy—</b>					
Output of Plants (KWH)	8	210.8	191.4	176.6	162.7
Industrial Sales (KWH)	8	233.4	221.8	188.2	172.3
<b>Flour Production<sup>4</sup>—</b>					
(In barrels)	35	94.2	92.7	95.9	113.8
<b>Output of Butter by Creameries<sup>5</sup>—</b>					
Production	77	97.8	82.4	81.3	70.8
Sales	77	96.0	83.3	93.2	79.5
<b>Freight Carloadings—(U. S.)<sup>6</sup>—</b>					
Grain and Grain Products		101.0	113.9	95.2	112.5
Live Stock		83.5	89.2	82.2	97.0
Coal		109.8	111.9	90.7	109.2
Coke		154.4	203.3	134.6	148.8
Forest Products		133.8	136.6	141.9	146.1
Ore		29.7	29.4	32.2	31.6
Merchandise and Miscellaneous		132.4	127.7	130.4	124.9
Total		119.9	119.2	115.0	117.4
<b>Iron and Steel—</b>					
Pig Iron Production: <sup>4</sup>					
Illinois and Indiana		159.2	146.3	170.7	167.5
United States		132.5	124.6	137.2	137.0
Steel Ingot Production—(U. S.) <sup>4</sup>		147.5	140.2	143.2	138.8
Unfilled Orders U. S. Steel Corp.		73.1	77.0	81.1	88.2
<b>Automobiles—(U. S.)<sup>7</sup>—</b>					
Production: Passenger Cars		281.3	235.9	236.3	179.2
Trucks		168.5	141.4	162.2	123.1
Shipments: <sup>8</sup>		348.8	289.7	244.6	189.8
Carloads		141.8	111.9	121.0	79.5
Driveaways		35.4	22.2	32.8	14.4
<b>Excise Tax Collections<sup>9</sup>—</b>					
New Automobiles		172.8	123.6	104.2	97.9
New Automobile Trucks		15.5	18.3	17.8	13.0
Parts and Accessories		44.3	40.1	38.7	34.7
<b>Stamp Tax Collections<sup>9</sup>—</b>					
Sales or Transfers of Capital Stock		246.3	207.8	293.5	162.8
Sales of Produce on Exchange—Futures		55.9	62.3	100.6	88.4

1. Monthly average 1923-1924-1925=100; 2. Monthly average 1919-1920-1921=100; 3. Monthly average of mean of production and shipments in 1923-1924-1925=100; 4. Average daily production; 5. Monthly average 1920=100; 6. Base figures (1920) partly estimated; 7. 7th F. R. District; 8. First Illinois internal revenue district; 9. Monthly average receipts 1919=100.



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